

Fact Sheet

Three Taxes That Influence Behavior

Module 7—Standard Deduction



The standard deduction reduces the income that is subject to tax. The amount of the standard deduction depends on the filing status, the age of the taxpayer and spouse, whether the taxpayer or spouse is blind, and whether the taxpayer can be claimed as a dependent on another taxpayer's return.

On the basis of filing status, the standard deduction for 2007 was

Standard Deduction for 2007	
Single	\$5,350
Head of household	\$7,850
Married filing a joint return	\$10,700
Qualifying widow(er) with dependent child	\$10,700
Married filing a separate return	\$5,350

The standard deduction is increased for taxpayers and spouses who are age 65 or older or who are blind.

The standard deduction may be reduced for taxpayers who can be claimed as dependents on another taxpayer's return.

For 2007, the standard deduction for a taxpayer who can be claimed as a dependent on another taxpayer's return was

- earned income (wages, salaries, tips, etc.) plus \$300

- but not less than \$850

- and not more than the standard deduction for the single filing status (\$5,350)